

**UNITED STATES AIR FORCE**

**AIR FORCE FINANCIAL  
MANAGEMENT  
TRANSFORMATION**

Status Report to the FM Community

August 2002



DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR ALL FINANCIAL MANAGERS

SUBJECT: Financial Management Transformation - - A Status Report to the Financial Management Community

A few months ago, I announced “A Vision for Financial Management Leadership and Strength.” Our shared vision for the entire Air Force financial management community – wing, SPO, MAJCOM, headquarters – is to be a strategic partner recognized as the ultimate source for financial management information, and a world-class organization providing high quality, customer-focused financial services and decision support.

Transformation of our people, processes, and technology will be the means of achieving our vision. This means changes in concepts, organization, processes, and technology application to produce significant gains in operational effectiveness, operating efficiencies, and resource utilization. Put another way, our goal is to reduce and control costs while simultaneously expanding the decision support services we provide. I want to update you on the progress we’re making as we mobilize for transformation.

***What We Have Done Thus Far...***

Just as you have been busy fighting the war and supporting the Air Force transformation effort, we at the headquarters have been busy working parallel transformation activities. In the Start-up Phase, we have been making the case for change and establishing the foundation for how we will move ahead; integrating our current crosscutting transformation initiatives with the other business operations areas and OSD; and identifying and starting new transformation initiatives.

From the vision, we developed overarching goals that tie back to our three pillars of transformation – people, processes, technology (see attachment 1). We stood up a Program Management Office (PMO), established an enabling framework including a charter, governance, an approach, and a reporting and tracking mechanism to give us structure and discipline; and we identified resource requirements for FY02-FY09.

In moving from Start-up to Mobilization, our PMO team is meeting with FM personnel from various levels within the Air Force to better understand the current state of our people, processes, and technology and to solicit ideas for initiatives to move us toward our shared vision of the future. While more analysis and spadework needs to be done, these efforts will ultimately lead to a prioritized slate of proposed initiatives, each ideally supported by a business case analysis. Task forces in the field or HQ or both will work these initiatives with dedicated support from the PMO.

We have also reviewed previous and on-going “transformation-like” initiatives and, where applicable, have brought these under the Air Force Financial Management Transformation umbrella. Additionally, we have commenced some new initiatives that respond to needs within our community and the Air Force. So we are already underway, applying dollars and people against concrete actions. Attachments 2 and 3 summarize these on-going and new initiatives.

### ***Your Contributions...***

Your organizational and individual participation is key to our communications flow and to the success of this journey. Each major command has identified a representative for our Air Force Financial Management Transformation effort and has identified existing “transformation-like” initiatives as well as suggestions for new initiatives. As I mentioned above, the PMO team is currently visiting each of our major commands to share the transformation message with everyone. We are creating several mechanisms for you to voice your ideas and views so that we can collaborate to work and solve the issues. Other sources of transformation ideas, for example, have come from your e-mails to [fm.transformation@pentagon.af.mil](mailto:fm.transformation@pentagon.af.mil) and through the “Transformation – I’ve Got An Idea” workstation at the ASMC PDI this past May. Both of these are still available for you – the e-mail address and the workstation survey are now resident at the SAF/FM Homepage.

### ***Next Steps...***

Our next steps in the Mobilization Phase for transformation include: 1) conducting seminars with our major command representatives and 2) publishing the Air Force Financial Management Transformation Flight Plan (the FM equivalent of what the Air Force Transformation Flight Plan is to the Air Force).

By the end of this summer, we will move from mobilization on to assessment, prioritization, selection, and implementation of specific initiatives for FY03. Next, we will staff the Financial Management Transformation Task Forces that will take on each selected initiative. These task forces will consist of financial managers from throughout our community and will be led by senior financial managers from the major commands or the headquarters, whichever is appropriate for a specific initiative.

Much has been done to set the stage for action. Some projects are in place but more remains to be done to guide our transformation efforts. However, for those of you anxious to get going or those waiting for line by line instructions, let me repeat what I said in the Air Force Comptroller Magazine: “If you want to see change, do something about it yourself.” Go pick up or strengthen the skills you’ll need to achieve this vision: strong communication skills, leadership, strategic and critical thinking skills, a broader business perspective, and solid functional expertise. Then, as personal milestones for this next fiscal year, figure out the answers to these questions: What will you do to change your job? What exciting new initiatives will you launch? What new projects will you start? How many cross-disciplinary action teams will you seek to join? What innovative steps will you take to boost efficiency, service, or quality? What new skills and responsibilities will you delegate, outsource, automate, or eliminate, and what new responsibilities will you snare? Those who can answer those kinds of questions assure this organization of success and themselves of growth and development, credibility and self-confidence.

In the end, successful transformation will be a personal one that produces a better you – someone who is open to new ideas and ways of doing things; is willing to give it a try; and is a more capable, more skilled person for having been part of the adventure!

A handwritten signature in black ink, reading "Michael Montelongo". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

MICHAEL MONTELONGO  
Assistant Secretary of the Air Force  
(Financial Management & Comptroller)

Attachments:

1. Financial Management Vision Strategic Goals
2. Ongoing FM Transformation Initiatives
3. New FM Transformation Initiatives

## **FINANCIAL MANAGEMENT VISION STRATEGIC GOALS**

***Become a partner in strategic Air Force decisions***

***Recruit, prepare and retain a well-trained and highly educated professional team for today and tomorrow***

***Make processes efficient and effective to produce accurate and relevant financial information complemented by sophisticated decision support***

***Reduce our cost structure by employing leading-edge technologies that continuously streamline financial management processes and increase capabilities***

***Provide our customers with world-class financial services***

# Ongoing Initiatives: AF Financial Management

## *People Initiatives*

Initiative	Description	OPR - OCR
Transforming FM Professional Development and Training	Expand employee development programs with a focus on increasing FM personnel's ability to provide value-added analysis and financial information for decision makers.	SAF/FMPB
Manpower Reengineering	Reassign roles/people to meet the new demands of the overall DoD and AF Transformation.	Chief for Enlisted Matters

## *Process Initiatives*

Initiative	Description	OPR - OCR
DMRT (Depot Maintenance Reengineering and Transformation)	Focused on improving eight areas of depot maintenance operations: Workload/Production, Financial Operations, Infrastructure, Organizational Structure, Workforce Management, Material Support, Information Technology, and Balanced Metrics.	AF/LG - SAF/FMBMR
Expansion of Activity Based Costing Implementation	Expand the implementation of ABC/M in order to gain insight into the resources required to yield definable units of output and the resources consumed by activities performed to yield the output.	SAF/FMCE
CFO Compliance	More effective and efficient general and financial management practices, improved systems of accounting, financial management and internal controls to assure the issuance of reliable financial information and auditable statements.	SAF/FMPS
Streamlined Acquisition Oversight Process for Space Programs	Reducing review process from 8-12 months to 8-12 weeks. Could be a potential Pilot Program for Process Efficiency.	SAF/FMC
Performance Metrics	Provide specific indicators of organizational performance that inform AF managers of operational efficiency/effectiveness and highlight areas requiring their attention.	SAF/FMP-1

## *Technology Initiatives*

Initiative	Description	OPR - OCR
Upgrade Financial Systems	Improve the Financial Systems in order to increase productivity and reduce the cycle times of the production of financial statements at the end of the report period.	SAF/FMP-1
Travel System	Optimization of the travel system to enhance the value, ease of use and service to the customer.	SAF/FMBOT
Financial Informational Resource SysTem (FIRST)	FIRST is modernizing all of the current Air Force budget systems at base, major command, and headquarters levels. FIRST is a holistic solution for the program budget process encompassing formulation, enactment and execution.	SAF/FMBMA

# Ongoing Initiatives: OSD Financial Management

## *People Initiatives*

Initiative	Description	OPR - OCR
DoD Financial Management Workforce Development	To conduct a comprehensive FM Workforce review to standardize financial management technical competency plans, resize and reshape the workforce, craft an aggressive strategy for recruiting, hiring, and maintaining a quality workforce, and structure a plan for increasing the number of advanced degrees and professional certifications held by FM personnel. (The review results will serve as the foundation for the "Human Capital" segment of the Financial Management Modernization Program and the FM portion of the DoD Human Capital Scorecard).	OSD - SAF/FMPF

## *Process Initiatives*

Initiative	Description	OPR - OCR
Financial Management Modernization (Defense-wide Enterprise Architecture)	Program to manage the DoD in an efficient business-like manner in which relevant, reliable and timely financial information, affirmed by clean audit opinions, is available on a routine basis to support informed decision-making at all levels throughout the Department.	OSD - SAF/FMP-1
PPBS Reengineering	Transform PPBS to more closely align the three processes, change the service/OSD relationship from adversarial (checking and validating) to cooperative (build it together), and reduce the dependence on formal exhibits, by providing required information through automated systems which contain both FYDP numbers and supporting text as the user desires.	OSD - SAF/FMT

# New Initiatives

## *People Initiatives*

Initiative	Description	OPR - OCR
SAF/FM HR Office	The focus is on setting up an organizational entity within FM to manage the FM related efforts at the Air Force enterprise level. The goal is to improve the way the Air Force FM manages HR initiatives.	SAF/FMT

## *Process Initiatives*

Initiative	Description	OPR - OCR
Vendor/Commercial Pay	Create an automated vendor pay environment where a minimum amount of discounts are lost and interest penalties are reduced or eliminated.	AFAFO

## *Technology Initiatives*

Initiative	Description	OPR - OCR
DoD Financial Management Desk book	A comprehensive tool similar to the Defense Acquisition Deskbook (DAD) for the Financial Management Knowledge Web. A single source of information/knowledge that would increase the efficiency of the financial management processes.	SAF/FMT
Air Force Customer Service Concept	Phase 1: PersPay; Web-based customer service with virtual contact center and integrated customer service counter.	SAF/FMP – AFAFO
SAF/FM IT Office	Focus on setting up an organizational entity within FM to manage FM related efforts at AF enterprise level. Goal is to improve the way AF Financial Management manages IT initiatives.	SAF/FMT
Portals (AF, FM, FM Functional)	Focus on understanding current FM WebPages and portals within AF Financial Management as well as make recommendations on consolidation and migration to the Air Force portal or some other unifying platform.	SAF/FMT



# Potential Initiatives

## *Process Initiatives*

Initiative	Description	OPR - OCR
Resource Management – Base/Wing/Unit Level	Redesign resource management at the Base/Wing/Unit level to achieve efficiencies and effectiveness in the process as well as optimize the organizational framework.	SAF/FMBO
FM/XP "Family"	Merge related FM and XP processes to increase effectiveness and efficiency.	SAF/FMB
Resource Allocation Process w/in the AF	The AFRAP focused on the planning and programming phases of PPBS. This initiative would take re-engineering allocation to the next step and focus on the budgeting phase of PPBS as well as the efficiencies that could be achieved by taking a look at resource allocation w/in the AF in total.	SAF/FMB
ABC Approach to CPFH Factors	The AF seeks to implement ABC in order to gain a deeper understanding of the Cost Per Flying Hour of the planes in the AF inventory.	SAF/FMT